



ANNUAL STATEMENT
For the Year Ending December 31, 2005
OF THE CONDITION AND AFFAIRS OF THE
HEALTH RIGHT, INC.

NAIC Group Code	0000 (Current Period)	0000 (Prior Period)	NAIC Company Code	95787	Employer's ID Number	52-2011721
Organized under the Laws of	District of Columbia		State of Domicile or Port of Entry	District of Columbia		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X] N/A[]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated/Organized	11/01/1996		Commenced Business	05/01/1998		
Statutory Home Office	1101 14th Street, N.W. Suite 900 (Street and Number)		Washington, DC 20005 (City, or Town, State and Zip Code)			
Main Administrative Office			1101 14th Street (Street and Number)			
	Washington, DC 20005 (City or Town, State and Zip Code)		(202)218-0373 (Area Code) (Telephone Number)			
Mail Address	1101 14th Street, N.W. Suite 900 (Street and Number or P.O. Box)		Washington, DC 20005 (City, or Town, State and Zip Code)			
Primary Location of Books and Records			1101 14th Street, N.W. Suite 900 (Street and Number)			
	Washington, DC 20005 (City, or Town, State and Zip Code)		(202)218-0373 (Area Code) (Telephone Number)			
Internet Website Address	www.healthright-dc.com					
Statutory Statement Contact	Patrina Louise Fowler (Name) patrina.fowler@healthright-dc.com (E-Mail Address)		(202)218-0373-120 (Area Code)(Telephone Number)(Extension) (202)218-0381 (Fax Number)			
Policyowner Relations Contact			(Street and Number)			
	(City, or Town, State and Zip Code)		(Area Code) (Telephone Number)(Extension)			

OFFICERS

Name	Title
Vincent Augustine Keane	Chairman
Allen A Goetcheus	Secretary
Allen A Goetcheus	Treasurer
Patrina Louise Fowler	Chief Executive Officer

OTHERS

DIRECTORS OR TRUSTEES

Patricia Hughes Frost Charles Kenneth Barber

State of District of Columbia
County of ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) Vincent A. Keane (Printed Name) Chairman (Title)	(Signature) Patrina L. Fowler (Printed Name) Chief Executive Officer (Title)	(Signature) Allea A Goetcheus (Printed Name) Treasurer (Title)
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Subscribed and sworn to before me this day of , 2006	a. Is this an original filing? b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes[X] No[]
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(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	2,774,375		2,774,375	2,485,165
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances)				
4.2	Properties held for the production of income (less \$..... encumbrances)				
4.3	Properties held for sale (less \$..... encumbrances)				
5.	Cash (\$.....3,982,405 Schedule E Part 1), cash equivalents (\$.....1,678,107 Schedule E Part 2) and short-term investments (\$..... Schedule DA)	5,660,512		5,660,512	5,023,265
6.	Contract loans (including \$..... premium notes)				
7.	Other invested assets (Schedule BA)				
8.	Receivables for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)	8,434,886		8,434,886	7,508,430
11.	Title plants less \$..... charged off (for Title insurers only)				
12.	Investment income due and accrued				
13.	Premiums and considerations				
13.1	Uncollected premiums and agents' balances in the course of collection				
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$..... earned but unbilled premiums)				
13.3	Accrued retrospective premiums				
14.	Reinsurance:				
14.1	Amounts recoverable from reinsurers				
14.2	Funds held by or deposited with reinsured companies				
14.3	Other amounts receivable under reinsurance contracts				
15.	Amounts receivable relating to uninsured plans				
16.1	Current federal and foreign income tax recoverable and interest thereon				
16.2	Net deferred tax asset	4,929		4,929	
17.	Guaranty funds receivable or on deposit				
18.	Electronic data processing equipment and software	96,764		96,764	149,868
19.	Furniture and equipment, including health care delivery assets (\$.....)	160,886		160,886	183,841
20.	Net adjustment in assets and liabilities due to foreign exchange rates				
21.	Receivables from parent, subsidiaries and affiliates				
22.	Health care (\$.....) and other amounts receivable				30
23.	Aggregate write-ins for other than invested assets				
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	8,697,466		8,697,466	7,842,169
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	8,697,466		8,697,466	7,842,169
DETAILS OF WRITE-INS					
0901	.....			
0902	.....			
0903	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301	.....			
2302	.....			
2303	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded)	3,181,120		3,181,120	2,870,863
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses	110,000		110,000	113,000
4.	Aggregate health policy reserves				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	196,313		196,313	461,604
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....128,853 on realized capital gains (losses))	128,853		128,853	15,200
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittance and items not allocated				
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current)				
15.	Amounts due to parent, subsidiaries and affiliates				
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured accident and health plans				
21.	Aggregate write-ins for other liabilities (including \$..... current)				
22.	Total liabilities (Lines 1 to 21)	3,616,286		3,616,286	3,460,667
23.	Aggregate write-ins for special surplus funds	X X X	X X X		
24.	Common capital stock	X X X	X X X	1,651,000	1,651,000
25.	Preferred capital stock	X X X	X X X		
26.	Gross paid in and contributed surplus	X X X	X X X		
27.	Surplus notes	X X X	X X X		
28.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
29.	Unassigned funds (surplus)	X X X	X X X	4,730,179	4,030,953
30.	Less treasury stock, at cost:				
30.1	..... shares common (value included in Line 24 \$.....)	X X X	X X X	1,300,000	1,300,000
30.2	..... shares preferred (value included in Line 25 \$.....)	X X X	X X X		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	5,081,179	4,381,953
32.	Total Liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	8,697,465	7,842,620
DETAILS OF WRITE-INS					
2101	.....			
2102	.....			
2103	.....			
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)				
2301	.....	X X X	X X X		
2302	.....	X X X	X X X		
2303	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801	.....	X X X	X X X		
2802	.....	X X X	X X X		
2803	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	154,604	139,839
2.	Net premium income (including \$..... non-health premium income)	X X X	31,849,764	27,126,526
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$..... medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X		
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	Total revenues (Lines 2 to 7)	X X X	31,849,764	27,126,526
Hospital and Medical:				
9.	Hospital/medical benefits		22,657,085	15,818,254
10.	Other professional services		400,210	997,992
11.	Outside referrals			
12.	Emergency room and out-of-area		234,000	2,135,586
13.	Prescription drugs		3,637,136	3,117,273
14.	Aggregate write-ins for other hospital and medical			
15.	Incentive pool, withhold adjustments and bonus amounts			
16.	Subtotal (Lines 9 to 15)		26,928,431	22,069,105
Less:				
17.	Net reinsurance recoveries			354,312
18.	Total hospital and medical (Lines 16 minus 17)		26,928,431	21,714,793
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including \$..... cost containment expenses			427,973
21.	General administrative expenses		3,954,076	3,931,850
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only)			
23.	Total underwriting deductions (Lines 18 through 22)		30,882,507	26,074,616
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	967,256	1,051,910
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		228,268	67,197
26.	Net realized capital gains (losses) less capital gains tax of \$.....			
27.	Net investment gains (losses) (Lines 25 plus 26)		228,268	67,197
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	1,195,524	1,119,107
31.	Federal and foreign income taxes incurred	X X X	500,964	411,221
32.	Net income (loss) (Lines 30 minus 31)	X X X	694,560	707,886
DETAILS OF WRITE-INS				
0601.	0	X X X		
0602.	.....	X X X		
0603	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701	.....	X X X		
0702	.....	X X X		
0703	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401	.....		
1402	.....		
1403	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901	.....		
2902	.....		
2903	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	4,381,953	3,923,357
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32	694,560	707,886
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets		
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		(1,300,000)
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		1,300,710
45.2	Transferred to capital (Stock Dividend)		(250,000)
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	694,560	458,596
49.	Capital and surplus end of reporting year (Line 33 plus 48)	5,076,513	4,381,953
DETAILS OF WRITE-INS			
4701	.....	
4702	.....	
4703	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	31,849,764	27,126,526
2.	Net investment income	228,268	67,197
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	32,078,032	27,193,723
5.	Benefit and loss related payments	26,621,173	21,133,570
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	3,954,571	4,428,668
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) \$..... net of tax on capital gains (losses)	(108,724)	500,922
10.	Total (Lines 5 through 9)	30,467,020	26,063,160
11.	Net cash from operations (Line 4 minus 10)	1,611,012	1,130,563
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds		
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds	5,432	
12.8	Total investment proceeds (Lines 12.1 to 12.7)	5,432	
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	979,197	2,485,165
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	979,197	2,485,165
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(973,765)	(2,485,165)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)		(333,709)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		(333,709)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	637,247	(1,688,311)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year	5,023,265	6,711,576
19.2	End of year (Line 18 plus Line 19.1)	5,660,512	5,023,265

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

(Gain and Loss Exhibit)

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct	Reinsurance	Reinsurance	Net Premium
Line of Business		Business	Assumed	Ceded	Income
					(Columns
					1 + 2 - 3)
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employee Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....
7.	Title XIX - Medicaid	32,551,666	.....	701,902	31,849,764
8.	Stop loss .....	.....	.....	.....	.....
9.	Disability income .....	.....	.....	.....	.....
10.	Long-term care .....	.....	.....	.....	.....
11.	Other health .....	.....	.....	.....	.....
12.	Health subtotal (Lines 1 through 11)	32,551,666	.....	701,902	31,849,764
13.	Life .....	.....	.....	.....	.....
14.	Property/casualty .....	.....	.....	.....	.....
15.	TOTALS (Lines 12 to 14)	32,551,666	.....	701,902	31,849,764

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - Claims Incurred During the Year

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	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct	26,619,737							26,619,737					
1.2 Reinsurance assumed													
1.3 Reinsurance ceded													
1.4 Net	26,619,737							26,619,737					
2. Paid medical incentive pools and bonuses													
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	3,179,557							3,179,557					
3.2 Reinsurance assumed													
3.3 Reinsurance ceded													
3.4 Net	3,179,557							3,179,557					
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct													
4.2 Reinsurance assumed													
4.3 Reinsurance ceded													
4.4 Net													
5. Accrued medical incentive pools and bonuses, current year													
6. Net healthcare receivables (a)													
7. Amounts recoverable from reinsurers December 31, current year													
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	2,870,863							2,870,863					
8.2 Reinsurance assumed													
8.3 Reinsurance ceded													
8.4 Net	2,870,863							2,870,863					
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct													
9.2 Reinsurance assumed													
9.3 Reinsurance ceded													
9.4 Net													
10. Accrued medical incentive pools and bonuses, prior year													
11. Amounts recoverable from reinsurers December 31, prior year													
12. Incurred benefits:													
12.1 Direct	26,928,431							26,928,431					
12.2 Reinsurance assumed													
12.3 Reinsurance ceded													
12.4 Net	26,928,431							26,928,431					
13. Incurred medical incentive pools and bonuses													

(a) Excludes \$..... loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - Claims Liability End of Current Year

10

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1 Direct	175,257							175,257					
1.2 Reinsurance assumed													
1.3 Reinsurance ceded													
1.4 Net	175,257							175,257					
2. Incurred but Unreported:													
2.1 Direct	3,005,863							3,005,863					
2.2 Reinsurance assumed													
2.3 Reinsurance ceded													
2.4 Net	3,005,863							3,005,863					
3. Amounts Withheld from Paid Claims and Capitations:													
3.1 Direct													
3.2 Reinsurance assumed													
3.3 Reinsurance ceded													
3.4 Net													
4. TOTALS													
4.1 Direct	3,181,120							3,181,120					
4.2 Reinsurance assumed													
4.3 Reinsurance ceded													
4.4 Net	3,181,120							3,181,120					

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....	.....	.....
7.	Title XIX - Medicaid	2,736,051	23,882,118	1,569	3,179,557	2,737,620	2,870,863
8.	Other health .....	.....	.....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 to 8)	2,736,051	23,882,118	1,569	3,179,557	2,737,620	2,870,863
10.	Healthcare receivables (a) .....	.....	.....	.....	.....	.....	.....
11.	Other non-health .....	.....	.....	.....	.....	.....	.....
12.	Medical incentive pool and bonus amounts .....	.....	.....	.....	.....	.....	.....
13.	TOTALS (Lines 9 - 10 + 11 + 12)	2,736,051	23,882,118	1,569	3,179,557	2,737,620	2,870,863

(a) Excludes \$..... loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior	857				
2.	2001	9,587	2,087			
3.	2002	X X X	12,339	2,174		
4.	2003	X X X	X X X	17,228	2,367	242
5.	2004	X X X	X X X	X X X	18,767	2,491
6.	2005	X X X	X X X	X X X	X X X	23,882

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior	857				
2.	2001	9,587	2,087			
3.	2002	X X X	12,339	2,174		
4.	2003	X X X	X X X	17,228	2,290	
5.	2004	X X X	X X X	X X X	19,128	2,871
6.	2005	X X X	X X X	X X X	X X X	27,057

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2001										
2.	2002										
3.	2003		242			242				242	
4.	2004		2,491			2,491		1		2,492	
5.	2005	32,551	23,813			23,813	73.155	3,179	110	27,102	83.259

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	.....	.....	.....	.....	.....
2.	2001 .....	.....	.....	.....	.....	.....
3.	2002	X X X .....	.....	.....	.....	.....
4.	2003	X X X	X X X .....	.....	.....	.....
5.	2004	X X X	X X X	X X X .....	.....	.....
6.	2005	X X X	X X X	X X X	X X X .....	.....

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	.....	.....	.....	.....	.....
2.	2001 .....	.....	.....	.....	.....	.....
3.	2002	X X X .....	.....	.....	.....	.....
4.	2003	X X X	X X X .....	.....	.....	.....
5.	2004	X X X	X X X	X X X .....	.....	.....
6.	2005	X X X	X X X	X X X	X X X .....	.....

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2001 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.	2002 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.	2003 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.	2004 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
5.	2005 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Medicare Supplement

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	.....	.....	.....	.....	.....
2.	2001 .....	.....	.....	.....	.....	.....
3.	2002	X X X .....	.....	.....	.....	.....
4.	2003	X X X	X X X .....	.....	.....	.....
5.	2004	X X X	X X X	X X X .....	.....	.....
6.	2005	X X X	X X X	X X X	X X X .....	.....

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	.....	.....	.....	.....	.....
2.	2001 .....	.....	.....	.....	.....	.....
3.	2002	X X X .....	.....	.....	.....	.....
4.	2003	X X X	X X X .....	.....	.....	.....
5.	2004	X X X	X X X	X X X .....	.....	.....
6.	2005	X X X	X X X	X X X	X X X .....	.....

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2001 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.	2002 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.	2003 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.	2004 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
5.	2005 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Dental Only

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	.....	.....	.....	.....	.....
2.	2001 .....	.....	.....	.....	.....	.....
3.	2002	X X X .....	.....	.....	.....	.....
4.	2003	X X X	X X X .....	.....	.....	.....
5.	2004	X X X	X X X	X X X .....	.....	.....
6.	2005	X X X	X X X	X X X	X X X .....	.....

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	.....	.....	.....	.....	.....
2.	2001 .....	.....	.....	.....	.....	.....
3.	2002	X X X .....	.....	.....	.....	.....
4.	2003	X X X	X X X .....	.....	.....	.....
5.	2004	X X X	X X X	X X X .....	.....	.....
6.	2005	X X X	X X X	X X X	X X X .....	.....

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2001 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.	2002 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.	2003 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.	2004 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
5.	2005 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

12 Dental Only

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Vision Only

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	.....	.....	.....	.....	.....
2.	2001 .....	.....	.....	.....	.....	.....
3.	2002	X X X .....	.....	.....	.....	.....
4.	2003	X X X	X X X .....	.....	.....	.....
5.	2004	X X X	X X X	X X X .....	.....	.....
6.	2005	X X X	X X X	X X X	X X X .....	.....

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	.....	.....	.....	.....	.....
2.	2001 .....	.....	.....	.....	.....	.....
3.	2002	X X X .....	.....	.....	.....	.....
4.	2003	X X X	X X X .....	.....	.....	.....
5.	2004	X X X	X X X	X X X .....	.....	.....
6.	2005	X X X	X X X	X X X	X X X .....	.....

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2001 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.	2002 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.	2003 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.	2004 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
5.	2005 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

12 Vision Only

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)
Federal Employees Health Benefits Plan Premiums
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	.....	.....	.....	.....	.....
2.	2001 .....	.....	.....	.....	.....	.....
3.	2002	X X X .....	.....	.....	.....	.....
4.	2003	X X X	X X X .....	.....	.....	.....
5.	2004	X X X	X X X	X X X .....	.....	.....
6.	2005	X X X	X X X	X X X	X X X .....	.....

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	.....	.....	.....	.....	.....
2.	2001 .....	.....	.....	.....	.....	.....
3.	2002	X X X .....	.....	.....	.....	.....
4.	2003	X X X	X X X .....	.....	.....	.....
5.	2004	X X X	X X X	X X X .....	.....	.....
6.	2005	X X X	X X X	X X X	X X X .....	.....

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2001 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.	2002 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.	2003 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.	2004 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
5.	2005 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	.....	.....	.....	.....	.....
2.	2001 .....	.....	.....	.....	.....	.....
3.	2002	X X X .....	.....	.....	.....	.....
4.	2003	X X X	X X X .....	.....	.....	.....
5.	2004	X X X	X X X	X X X .....	.....	.....
6.	2005	X X X	X X X	X X X	X X X .....	.....

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	.....	.....	.....	.....	.....
2.	2001 .....	.....	.....	.....	.....	.....
3.	2002	X X X .....	.....	.....	.....	.....
4.	2003	X X X	X X X .....	.....	.....	.....
5.	2004	X X X	X X X	X X X .....	.....	.....
6.	2005	X X X	X X X	X X X	X X X .....	.....

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2001 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.	2002 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.	2003 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.	2004 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
5.	2005 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior	857				
2.	2001	9,587	2,087			
3.	2002	X X X	12,339	2,174		
4.	2003	X X X	X X X	17,228	2,367	242
5.	2004	X X X	X X X	X X X	18,767	2,491
6.	2005	X X X	X X X	X X X	X X X	23,882

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior	857				
2.	2001	9,587	2,087			
3.	2002	X X X	12,339	2,174		
4.	2003	X X X	X X X	17,228	2,290	
5.	2004	X X X	X X X	X X X	19,128	2,871
6.	2005	X X X	X X X	X X X	X X X	27,057

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2001										
2.	2002										
3.	2003		242			242				242	
4.	2004		2,491			2,491		1		2,492	
5.	2005	32,551	23,813			23,813	73.155	3,179	110	27,102	83.259

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	.....	.....	.....	.....	.....
2.	2001 .....	.....	.....	.....	.....	.....
3.	2002	X X X .....	.....	.....	.....	.....
4.	2003	X X X	X X X .....	.....	.....	.....
5.	2004	X X X	X X X	X X X .....	.....	.....
6.	2005	X X X	X X X	X X X	X X X .....	.....

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....	.....	.....	.....	.....	.....
2.	2001 .....	.....	.....	.....	.....	.....
3.	2002	X X X .....	.....	.....	.....	.....
4.	2003	X X X	X X X .....	.....	.....	.....
5.	2004	X X X	X X X	X X X .....	.....	.....
6.	2005	X X X	X X X	X X X	X X X .....	.....

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2001 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.	2002 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.	2003 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4.	2004 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
5.	2005 .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves												
2. Additional policy reserves (a)												
3. Reserve for future contingent benefits												
4. Reserve for rate credits or experience rating refunds (including \$.....) for investment income												
5. Aggregate write-ins for other policy reserves												
6. Totals (gross)												
7. Reinsurance ceded												
8. Totals (Net) (Page 3, Line 4)												
CLAIM RESERVE												
9. Present value of amounts not yet due on claims												
10. Reserve for future contingent benefits												
11. Aggregate write-ins for other claim reserves												
12. Totals (gross)												
13. Reinsurance ceded												
14. Totals (Net) (Page 3, Line 7)												
DETAILS OF WRITE-INS												
0501												
0502												
0503												
0598. Summary of remaining write-ins for Line 5 from overflow page ..												
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)												
1101												
1102												
1103												
1198. Summary of remaining write-ins for Line 11 from overflow page .												
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)												

(a) Includes \$..... premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$..... for occupancy of own building)			262,432		262,432
2.	Salaries, wages and other benefits			1,524,215		1,524,215
3.	Commissions (less \$..... ceded plus \$..... assumed)					
4.	Legal fees and expenses			88,190		88,190
5.	Certifications and accreditation fees					
6.	Auditing, actuarial and other consulting services			308,169		308,169
7.	Traveling expenses			16,242		16,242
8.	Marketing and advertising			45,458		45,458
9.	Postage, express and telephone			73,991		73,991
10.	Printing and office supplies			20,999		20,999
11.	Occupancy, depreciation and amortization					
12.	Equipment			20,237		20,237
13.	Cost or depreciation of EDP equipment and software			53,104		53,104
14.	Outsourced services including EDP, claims, and other services			68,201		68,201
15.	Boards, bureaus and association fees			36,756		36,756
16.	Insurance, except on real estate			100,514		100,514
17.	Collection and bank service charges					
18.	Group service and administration fees					
19.	Reimbursements by uninsured accident and health plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses					
22.	Real estate taxes					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes					
23.2	State premium taxes					
23.3	Regulator authority licenses and fees			5,088		5,088
23.4	Payroll taxes			109,938		109,938
23.5	Other (excluding federal income and real estate taxes)			70,930		70,930
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses			1,149,613		1,149,613
26.	Total expenses incurred (Lines 1 to 25)			3,954,076		(a) 3,954,076
27.	Less expenses unpaid December 31, current year		110,000	196,313		306,313
28.	Add expenses unpaid December 31, prior year		113,000	359,971	101,633	574,604
29.	Amounts receivable relating to uninsured accident and health plans, prior year					
30.	Amounts receivable relating to uninsured accident and health plans, current year					
31.	Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)		3,000	4,117,734	101,633	4,222,367
DETAILS OF WRITE-INS						
2501.	Trade Market License			100,000		100,000
2502.	Credentialing			2,265		2,265
2503.	Management Fees			360,000		360,000
2598.	Summary of remaining write-ins for Line 25 from overflow page			687,348		687,348
2599.	Totals (Lines 2501 through 2503 + 2598)(Line 25 above)			1,149,613		1,149,613

(a) Includes management fees of \$.....360,000 to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....	
1.1	Bonds exempt from U.S. tax	(a).....	
1.2	Other bonds (unaffiliated)	(a).....	
1.3	Bonds of affiliates	(a).....	
2.1	Preferred stocks (unaffiliated)	(b).....	
2.11	Preferred stocks of affiliates	(b).....	
2.2	Common stocks (unaffiliated)		
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c).....	
4.	Real estate	(d).....	
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e).....	
7.	Derivative instruments	(f).....	
8.	Other invested assets	228,268	228,268
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	228,268	228,268
11.	Investment expenses		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		
17.	Net Investment income (Line 10 minus Line 16)		228,268
DETAILS OF WRITE-INS			
0901	.....	
0902	.....	
0903	.....	
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501	.....	
1502	.....	
1503	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		
(a) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.			
(c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(d) Includes \$..... for company's occupancy of its own buildings; and excludes \$..... interest on encumbrances.			
(e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(f) Includes \$..... accrual of discount less \$..... amortization of premium.			
(g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.			
(i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds	3,553			3,553
1.1	Bonds exempt from U.S. tax				
1.2	Other bonds (unaffiliated)				
1.3	Bonds of affiliates				
2.1	Preferred stocks (unaffiliated)				
2.11	Preferred stocks of affiliates				
2.2	Common stocks (unaffiliated)				
2.21	Common stocks of affiliates				
3.	Mortgage loans				
4.	Real estate				
5.	Contract loans				
6.	Cash, cash equivalents and short-term investments				
7.	Derivative instruments				
8.	Other invested assets				
9.	Aggregate write-ins for capital gains (losses)				
10.	Total capital gains (losses)	3,553			3,553
DETAILS OF WRITE-INS					
0901	.....			
0902	.....			
0903	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)				

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties occupied for the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Other invested assets (Schedule BA)			
8.	Receivables for securities			
9.	Aggregate write-ins for invested assets			
10.	Subtotals, cash and invested assets (Lines 1 to 9)			
11.	Title plants (for Title insurers only)			
12.	Invested income due and accrued			
13.	Premium and considerations:			
13.1	Uncollected premiums and agents' balances in the course of collection			
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3	Accrued retrospective premiums			
14.	Reinsurance:			
14.1	Amounts recoverable from reinsurers			
14.2	Funds held by or deposited with reinsured companies			
14.3	Other amounts receivable under reinsurance contracts			
15.	Amounts receivable relating to uninsured plans			
16.1	Current federal and foreign income tax recoverable and interest thereon			
16.2	Net deferred tax asset			
17.	Guaranty funds receivable or on deposit			
18.	Electronic data processing equipment and software			
19.	Furniture and equipment, including health care delivery assets			
20.	Net adjustment in assets and liabilities due to foreign exchange rates			
21.	Receivable from parent, subsidiaries and affiliates			
22.	Health care and other amounts receivable			
23.	Aggregate write-ins for other than invested assets			
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)			
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26.	Total (Lines 24 and 25)			
DETAILS OF WRITE-INS				
0901	.....		
0902	.....		
0903	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page			
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)			
2301	.....		
2302	.....		
2303	.....		
2398.	Summary of remaining write-ins for Line 23 from overflow page			
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	12,367	12,622	12,968	13,027	13,408	154,604
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	12,367	12,622	12,968	13,027	13,408	154,604
DETAILS OF WRITE-INS							
0601	.....					
0602	.....					
0603	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statement

HEALTH RIGHT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

Note 1. **Organization and Nature of Operations** - Health Right, Inc. (HRI) was incorporated on November 1, 1996, under the applicable provisions of the District of Columbia's Business Corporation Act. HRI was organized to engage in the business of providing managed healthcare services under the laws of the District of Columbia and any other jurisdictions in which it shall qualify to do business as a managed care organization or similar healthcare entity.

Health Right, Inc. was awarded a contract to participate in the Medicaid Managed Care program by the District of Columbia effective April 1, 1998, and became licensed as a Health Maintenance Organization on April 15, 1998. Enrollment of managed care lives began May 1, 1998.

Note 2. **Summary of Significant Accounting Policies**

Basis of Accounting - The accompanying financial statements of Health Right, Inc. are presented on the basis of accounting practices prescribed or permitted by the District of Columbia's Department of Insurance, Securities and Banking (DISB).

As a component of its prescribed or permitted accounting practices, DISB has adopted The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, version effective January 1, 2002 (NAIC SAP). DISB has adopted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically, contributions to the retirement plan accounts of nonvested employees, capitalization of property, equipment and leasehold improvements, and prepaid expenses that would require the recording of nonadmitted assets and presented as a reduction of surplus are required to be expensed when paid.

The basis of accounting practices prescribed or permitted by the DISB differs from accounting principles generally accepted in the United States of America by not permitting the following to be included as assets:

- Goodwill, costs of subscriber lists, patents, trade names, agreements not to compete, and other intangible assets.
- Notes or accounts receivable from or advances to officers, directors, or controlling stockholders or any receivables over 90 days due.
- Prepaid expenses and deferred costs other than the liquidation value of prepaid expenses.
- Notes or other evidence of indebtedness that are secured by mortgages or deeds of trust which are in default and beyond the period to cure such default.
- Net book value of equipment, furniture and leasehold improvements (except certain electronic data processing equipment and medical equipment).

Notes to Financial Statement

HEALTH RIGHT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

Note 2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents - HRI maintains a checking account, a money market account and a market index account at a financial institution. For financial statement purposes, the Company considers these accounts to be highly liquid investments that are readily convertible to cash, present insignificant risk of change in value because of changes in interest rates and are readily available for operations. As such, these accounts are classified as cash equivalents on the financial statements. At times balances in these accounts may exceed the Federal Deposit Insurance Corporation insured limit of \$100,000. Management does not consider this a significant concentration of credit risk.

Use of Estimates - The preparation of financial statements in conformity with statutory accounting practices and procedures requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Premium Revenue - Premium revenue is reported at established billing rates under an agreement with District of Columbia Medical Assistance Administration.

Reinsurance Income - Reinsurance income represents reimbursements from HRI's stop-loss insurer on individual claims in excess of Medicaid coverage limits. DISB requires the reimbursement to be reported as income rather than as a reduction of expense per NAIC SAP. Accordingly, the financial statements reflect reimbursements received and claims expenses without reduction of reinsurance reimbursements received.

Income Taxes - HRI prepares its income tax returns using the accrual method of accounting. The statutory basis of accounting prescribed or permitted by the District of Columbia's Department of Insurance, Securities and Banking and the National Association of Insurance Commissioners requires the recording or disclosure of deferred federal income taxes.

Note 3. Equipment and software - Equipment and software consist of the following:

		December 31,	
		2005	2004
EDP system and software		\$ 159,312	\$ 159,312
Outreach van	<u>194,983</u>	<u>191,834</u>	
Totals		\$ 354,295	\$ 351,146
	Less, Accumulated depreciation	<u>96,644</u>	<u>17,437</u>
Totals	<u>\$ 257,651</u>	<u>\$ 333,709</u>	

Depreciation expense was \$79,207 and \$17,437 for the years ended December 31, 2005 and 2004, respectively.

Notes to Financial Statement

HEALTH RIGHT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

Note 4. **Income Taxes** - In accordance with the DISB's and NAIC's prescribed accounting practices and procedures, deferred tax assets and liabilities are required to be recognized in the financial statements. Because of timing differences related primarily to the non-capitalization of equipment purchases and the associated depreciation, prepaid expenses recorded as assets for tax purposes and expensed for books, and retirement plan contributions in excess of employee-vested amounts expensed for tax purposes and recorded as assets for books, HRI has accumulated a deferred tax benefit. The deferred tax benefit was \$4,929 and \$4,929 for 2005 and 2004, respectively.

The provisions for income tax consist of the following:

	2005	2004
Federal	\$ 343,984	\$ 395,737
State and local	156,981	160,133
Total income tax	<u>\$ 500,965</u>	<u>\$ 555,870</u>

Note 5. **Information Concerning Parent**

Ownership - Unity Health Care, Inc., who has rights to 97% of the organization, primarily owns HRI. The remaining 3% is owned by another entity.

Management and Administrative Services Agreement - On January 1, 2000, Health Right, Inc. entered into a management and administrative service agreement with Unity Health Care, Inc. (UHC) to provide monthly senior management support, payroll, financial and account services. This agreement also provides the services of Unity's Executive Director and Medical Director part-time, to function as the Chairman and Medical Director of Health Right, Inc. In accordance with the agreement, HRI shall reimburse UHC for total compensation equal to the time spent by designated UHC employees including salary and fringe benefits not to exceed 25% of the annual salary of the designated UHC employee. The agreement was automatically renewed on January 1, 2003 and will continue to renew on the anniversary date unless terminated by HRI. Expenses incurred under this agreement for both years ended December 31, 2005 and 2004 were \$360,000.

Note 6. **Defined Contribution Plan** - HRI sponsors a qualified defined contribution pension plan for the benefit of its employees. Contributions of 5% of each employee's compensation are made each year. HRI's contributions for the plan were \$57,711 and \$50,189 for the years ended December 31, 2005 and 2004, respectively.

Notes to Financial Statement

HEALTH RIGHT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

Note 7. **Capital and Surplus** - Capital and surplus as of December 31, 2005 and 2004 consists of:

	<u>2005</u>	<u>2004</u>
Common Stock - no par or stated value; 1,000 shares authorized and issued, 369 shares outstanding	\$ 1,651,000	\$ 1,651,000
Surplus	4,730,182	4,035,882
Cost of 631 shares of common stock held by the Company in treasury	<u>(1,300,000)</u>	<u>(1,300,000)</u>
TOTAL CAPITAL AND SURPLUS	<u>\$ 5,081,182</u>	<u>\$ 4,386,882</u>

Note 8. **Contingencies** - HRI is regulated by the District of Columbia Department of Insurance, Securities and Banking and is subject to audit by such agency. In the opinion of management, adequate provisions have been made in the accompanying financial statements for adjustments, if any, which may result from an audit.

Note 9. **Leases** - Health Right, Inc. entered into an office lease agreement commencing October 1, 2001 with an expiration date of September 30, 2011. The lease was amended in December 2005 for additional space, and the termination date was extended to July 31, 2013. The lease has an initial monthly payment approximating \$18,340 with an escalation of at least 2.5% per year. Rent expense incurred under the office lease for the years ended December 31, 2005 and 2004 was \$262,432 and \$251,165, respectively.

Future lease commitments under the agreement are estimated as follows:

	<u>Years ending December 31</u>	
2006	\$	356,595
2007	372,952	
2008	382,257	
2009	391,820	
2010	400,985	
	2011 through 2013	<u>1,007,863</u>
Total	<u>\$ 2,912,472</u>	

Notes to Financial Statement

HEALTH RIGHT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

Note 10. **Gain or Loss to the Reporting Entity From Uninsured Accident & Health Plans**
Revenue from HRI's Medicaid contract for the years ended December 31, 2005 and 2004, consisted of \$32,551,666 and \$27,126,526, respectively, for medical and hospital related services and administrative expenses.

HRI has not adjusted revenue resulting from audit of receivables related to revenue recorded in the prior period.

Note 11. **Reinsurance** - Health Right, Inc. entered into a stop-loss insurance agreement with an insurance company to limit its losses on individual claims. Under the terms of this agreement, the insurance company will reimburse the HMO approximately 90% of the cost of each member's eligible annual hospital services and eligible medical services, in excess of \$100,000 per member, respectively; if services are performed on a "per diem" or approved fixed procedural fee hospital. In the event Health Right, Inc. ceases operations, plan benefits will continue for members until the end of the contract period for which premiums have been paid.

Stop-loss insurance premiums as of December 31, 2005 and 2004 were \$701,902 and \$651,572, respectively. Reinsurance recovery for the years ended December 31, 2005 and 2004 was \$0 and \$354,312, respectively.

Note 12. **Change in Incurred Claims and Claim Adjustment Expenses** - The incurred but not reported (IBNR) claims payable represents an estimated reserve for all unpaid medical claims as of December 31, 2005 and 2004 based on actuarial determinations. Differences between the amounts accrued and subsequent payouts are recorded in operations in the year the claims are paid.

Note 13. **Minimum Net Worth** - Under the laws of the District of Columbia, Health Right, Inc., operating as a health maintenance organization (HMO), is required to maintain a deposit of \$300,000 with the DISB as well as a minimum net worth as stipulated by the risk based capital analysis described in District of Columbia Code Section 35-412. For the years ending December 31, 2005 and 2004, HRI has met minimum net worth requirements. At December 31, 2005 and 2004, the balance of the deposit was \$300,871 and \$300,000, respectively and net worth was \$5,193.00 and \$4,386,882.

Note 14. **Managed Care Agreements** - Health Right, Inc. has executed an agreement with Computer Science Corporation (CSC) to provide services such as claim processing, utilization reporting, customer service, and other operating services. Fees are paid directly to CSC and may vary based on per member per month charge.

Notes to Financial Statement

HEALTH RIGHT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

Note 14. Managed Care Agreements (Continued)

HRI entered into a trademark license agreement with The George Washington University (GWU) to use licensed trademarks and tradenames of GWU solely for the provision of health maintenance organization services for Medicaid enrollees in the District of Columbia and in connection with the use of the words “Medical Center.” The terms of this agreement became effective January 1, 2001 and shall remain in effect until December 31, 2005 unless sooner terminated. A royalty fee in the amount of \$8,333 is paid to GWU on a monthly basis for the rights stated above. Royalty fees paid for the years ended December 31, 2005 and 2004 were \$100,000 and \$100,000, respectively.

Note 15. Reconciliation to the Annual Statement - In compliance with the laws and regulations of the District of Columbia, Health Right, Inc. is required to submit its annual statement to the District of Columbia’s DISB on March 1, 2005. The audited statutory basis financial statements for the years ended December 31, 2005 and December 31, 2004 do not require any adjustments to reconcile to the annual statement that will be submitted to the District of Columbia’s DISB.

SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities	4,719	0.056	4,719	0.056
1.2	U.S. government agency obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies				
1.22	Issued by U.S. government sponsored agencies	2,774,375	32.892	2,774,375	32.892
1.3	Foreign government (including Canada, excluding mortgage-backed securities)				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43	Revenue and assessment obligations				
1.44	Industrial development and similar obligations				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Issued or Guaranteed by GNMA				
1.512	Issued or Guaranteed by FNMA and FHLMC				
1.513	All other				
1.52	CMOs and REMICs:				
1.521	Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
1.522	Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523	All other				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2	Unaffiliated foreign securities				
2.3	Affiliated securities				
3.	Equity interests:				
3.1	Investments in mutual funds				
3.2	Preferred stocks:				
3.21	Affiliated				
3.22	Unaffiliated				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated				
3.32	Unaffiliated				
3.4	Other equity securities:				
3.41	Affiliated				
3.42	Unaffiliated				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated				
3.52	Unaffiliated				
4.	Mortgage loans:				
4.1	Construction and land development				
4.2	Agricultural				
4.3	Single family residential properties				
4.4	Multifamily residential properties				
4.5	Commercial loans				
4.6	Mezzanine real estate loans				
5.	Real estate investments:				
5.1	Property occupied by company				
5.2	Property held for production of income (including \$..... of property acquired in satisfaction of debt)				
5.3	Property held for sale (including \$..... property acquired in satisfaction of debt)				
6.	Contract loans				
7.	Receivables for securities				
8.	Cash, cash equivalents and short-term investments	5,655,793	67.052	5,655,793	67.052
9.	Other invested assets				
10.	Total invested assets	8,434,887	100.000	8,434,887	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
District of Columbia
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2003
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2003
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

07/07/2004
- 3.4 By what department or departments?
Department of Insurance and Securities Regulation
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
		.. Yes[] No[X] .	.. Yes[] No[X] .	.. Yes[] No[X] .	.. Yes[] No[X] .	.. Yes[] No[X] .

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Squire, Lemkin & O'Brien, LLP; 111 Rockville Pike Suite 475; Rockville, MD 20850
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Actuarial Health Solutions, LLC; 1721 Waterford Way; Maple Glen, PA 19002
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[] No[X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved
- 11.13 Total book/adjusted carrying value

\$
- 11.2 If yes, provide explanation
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[] No[X] N/A[]
- 12.3 Have there been any changes made to any of the trust indentures during the year?

Yes[] No[] N/A[X]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes[] No[] N/A[X]

GENERAL INTERROGATORIES (Continued)
BOARD OF DIRECTORS

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[]
14. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]
15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[]

FINANCIAL

- 16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11 To directors or other officers

16.12 To stockholders not officers

16.13 Trustees, supreme or grand (Fraternal only)

\$
\$
\$
- 16.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21 To directors or other officers

16.22 To stockholders not officers

16.23 Trustees, supreme or grand (Fraternal only)

\$
\$
\$
- 17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]
- 17.2 If yes, state the amount thereof at December 31 of the current year:

17.21 Rented from others

17.22 Borrowed from others

17.23 Leased from others

17.24 Other

\$
\$
\$
\$
- 18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]
- 18.2 If answer is yes:

18.21 Amount paid as losses or risk adjustment

18.22 Amount paid as expenses

18.23 Other amounts paid

\$
\$
\$
- 19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[] No[X]
- 19.2 If yes, indicate any amounts receivable from parent included in the page 2 amount:

\$

INVESTMENT

- 20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes[X] No[]
- 20.2 If no, give full and complete information, relating thereto:
- 21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1).

Yes[] No[X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Loaned to others

21.22 Subject to repurchase agreements

21.23 Subject to reverse repurchase agreements

21.24 Subject to dollar repurchase agreements

21.25 Subject to reverse dollar repurchase agreements

21.26 Pledged as collateral

21.27 Placed under option agreements

21.28 Letter stock or securities restricted as to sale

21.29 Other

\$
\$
\$
\$
\$
\$
\$
\$
\$
- 21.3 For category (21.28) provide the following:
- | 1 | 2 | 3 |
|-----------------------|-------------|--------|
| Nature of Restriction | Description | Amount |
| | | |
- 22.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[] No[X]
- 22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

Yes[] No[] N/A[X]
- 23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[] No[X]
- 23.2 If yes, state the amount thereof at December 31 of the current year.

\$
24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[]
- 24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- | 1 | 2 |
|----------------------|--|
| Name of Custodian(s) | Custodian's Address |
| DISB | 810 FIRST ST, NE WASHINGTON DC 20002 |
- 24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:
- | 1 | 2 | 3 |
|---------|-------------|-------------------------|
| Name(s) | Location(s) | Complete Explanation(s) |
| | | |
- 24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year?

Yes[] No[X]
- 27.1

GENERAL INTERROGATORIES (Continued)

24.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

24.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
6271	Sun Trust Capital Markets	303 Peachtree Street, N.E., Mail Code 0669 Floor 36 Atlanta, GA 30308

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])? Yes[X] No[]

25.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.... 784767634	STI Classic FD-Instl US Govt Sec Super Short FD In .....	..... 4,719
25.2999 Total .....	.....	..... 4,719

25.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
STI Classic FD-Instl US Govt Sec Super Short FD In

26. Provide the following information for all short term and long term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds .....	..... 2,774,375	..... 2,774,375	.....
26.2 Preferred stocks .....	.....	.....	.....
26.3 Totals .....	..... 2,774,375	..... 2,774,375	.....

26.4 Describe the sources of methods utilized in determining the fair values
Market Value as per statement

27.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes[X] No[]

27.2 If no, list exceptions:

OTHER

28.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$..... 19,725

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Association ;for Community Affiliated Plan .....	..... 10,725
DC Association of Health Maintenance Organizations .....	..... 9,000

29.1 Amount of payments for legal expenses, if any? \$..... 88,190

29.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Feldesman, Tucker, Leifer, Fidell LLP .....	..... 82,793

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$.....

GENERAL INTERROGATORIES (Continued)

30.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....

FIVE-YEAR HISTORICAL DATA

	1 2005	2 2004	3 2003	4 2002	5 2001
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	8,697,466	7,842,169	6,711,636	5,589,727	4,607,892
2. Total liabilities (Page 3, Line 22)	3,616,286	3,460,667	2,788,278	2,831,906	2,616,383
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 31)	5,081,179	4,381,953	3,923,357	2,757,821	1,991,509
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	31,849,764	27,126,526	24,852,349	18,916,611	16,605,536
6. Total medical and hospital expenses (Line 18)	26,928,431	21,714,793	19,402,620	14,426,100	12,458,065
7. Claims adjustment expenses (Line 20)		427,973			
8. Total administrative expenses (Line 21)	3,954,076	3,931,850	774,819	2,414,362	2,672,792
9. Net underwriting gain (loss) (Line 24)	967,256	1,051,910	2,062,815	1,497,881	1,337,179
10. Net investment gain (loss) (Line 27)	228,268	67,197	19,872	46,336	120,216
11. Total other income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	694,560	707,886	1,277,737	1,032,776	903,585
RISK-BASED CAPITAL ANALYSIS					
13. Total adjusted capital	5,081,179	4,381,953	3,923,357	2,757,821	1,991,509
14. Authorized control level risk-based capital	1,689,959	1,558,695	1,409,615	886,412	789,491
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	13,408	12,367	11,224	10,427	9,168
16. Total members months (Column 6, Line 7)	154,604	139,839	130,816	113,909	112,192
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	85				
19. Cost containment expenses			X X X	X X X	X X X
20. Other claims adjustment expenses		2			
21. Total underwriting deductions (Line 23)	97	96	92	92	92
22. Total underwriting gain (loss) (Line 24)	3	4	8	8	8
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Column 5)	2,737,620	2,366,683	2,174,420	2,090,386	857,242
24. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)]	2,870,863	2,289,640	2,195,344	2,256,198	1,323,694
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Column 1)					
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1)					
27. Affiliated common stocks (Sch. D Summary, Line 53, Column 2)					
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Column 5, Line 11)					
29. Affiliated mortgage loans on real estate					
30. All other affiliated					
31. Total of above Lines 25 to 30					

SCHEDULE D - SUMMARY BY COUNTRY
Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description			1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States	2,774,375	2,774,375	2,779,807	2,800,000
	2.	Canada				
	3.	Other Countries				
	4.	Totals	2,774,375	2,774,375	2,779,807	2,800,000
States, Territories and Possessions (Direct and Guaranteed)	5.	United States				
	6.	Canada				
	7.	Other Countries				
	8.	Totals				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States				
	10.	Canada				
	11.	Other Countries				
	12.	Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States				
	14.	Canada				
	15.	Other Countries				
	16.	Totals				
Public Utilities (unaffiliated)	17.	United States				
	18.	Canada				
	19.	Other Countries				
	20.	Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States				
	22.	Canada				
	23.	Other Countries				
	24.	Totals				
Parent, Subsidiaries and Affiliates	25.	Totals				
	26.	Total Bonds	2,774,375	2,774,375	2,779,807	2,800,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States				
	28.	Canada				
	29.	Other Countries				
	30.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States				
	32.	Canada				
	33.	Other Countries				
	34.	Totals				
Industrial and Miscellaneous (unaffiliated)	35.	United States				
	36.	Canada				
	37.	Other Countries				
	38.	Totals				
Parent, Subsidiaries and Affiliates	39.	Totals				
	40.	Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States				
	42.	Canada				
	43.	Other Countries				
	44.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States				
	46.	Canada				
	47.	Other Countries				
	48.	Totals				
Industrial and Miscellaneous (unaffiliated)	49.	United States				
	50.	Canada				
	51.	Other Countries				
	52.	Totals				
Parent, Subsidiaries and Affiliates	53.	Totals				
	54.	Total Common Stocks				
	55.	Total Stocks				
	56.	Total Bonds and Stocks	2,774,375	2,774,375	2,779,807	

SCHEDULE D - Verification Between Years
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	2,485,165	7. Amortization of premium	95,321
2. Cost of bonds and stocks acquired, Column 7, Part 3	1,936,408	8. Foreign Exchange Adjustment:	
3. Accrual of discount		8.1 Column 15, Part 1	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1	
4.1 Columns 12 - 14, Part 1	(5,432)	8.3 Column 16, Part 2, Section 2	
4.2 Column 15 - 17, Part 2, Section 1		8.4 Column 15, Part 4	
4.3 Column 15, Part 2, Section 2			
4.4 Column 11 - 13, Part 4	(5,432)	9. Book/adjusted carrying value at end of current period	2,774,374
5. Total gain (loss), Column 19, Part 4	3,553	10. Total valuation allowance	
6. Deduct consideration for bonds and stocks disposed of		11. Subtotal (Lines 9 plus 10)	2,774,374
Column 7, Part 4	1,550,000	12. Total nonadmitted assets	
		13. Statement value of bonds and stocks, current period	2,774,374

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
Allocated by States and Territories

		1	2	Direct Business Only					
				3	4	5	6	7	8
State, Etc.		Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit-Type Contract Funds	Property/ Casualty Premiums
1.	Alabama (AL)	No ..	No ..						
2.	Alaska (AK)	No ..	No ..						
3.	Arizona (AZ)	No ..	No ..						
4.	Arkansas (AR)	No ..	No ..						
5.	California (CA)	No ..	No ..						
6.	Colorado (CO)	No ..	No ..						
7.	Connecticut (CT)	No ..	No ..						
8.	Delaware (DE)	No ..	No ..						
9.	District of Columbia (DC)	Yes ..	Yes ..			32,551,666			
10.	Florida (FL)	No ..	No ..						
11.	Georgia (GA)	No ..	No ..						
12.	Hawaii (HI)	No ..	No ..						
13.	Idaho (ID)	No ..	No ..						
14.	Illinois (IL)	No ..	No ..						
15.	Indiana (IN)	No ..	No ..						
16.	Iowa (IA)	No ..	No ..						
17.	Kansas (KS)	No ..	No ..						
18.	Kentucky (KY)	No ..	No ..						
19.	Louisiana (LA)	No ..	No ..						
20.	Maine (ME)	No ..	No ..						
21.	Maryland (MD)	No ..	No ..						
22.	Massachusetts (MA)	No ..	No ..						
23.	Michigan (MI)	No ..	No ..						
24.	Minnesota (MN)	No ..	No ..						
25.	Mississippi (MS)	No ..	No ..						
26.	Missouri (MO)	No ..	No ..						
27.	Montana (MT)	No ..	No ..						
28.	Nebraska (NE)	No ..	No ..						
29.	Nevada (NV)	No ..	No ..						
30.	New Hampshire (NH)	No ..	No ..						
31.	New Jersey (NJ)	No ..	No ..						
32.	New Mexico (NM)	No ..	No ..						
33.	New York (NY)	No ..	No ..						
34.	North Carolina (NC)	No ..	No ..						
35.	North Dakota (ND)	No ..	No ..						
36.	Ohio (OH)	No ..	No ..						
37.	Oklahoma (OK)	No ..	No ..						
38.	Oregon (OR)	No ..	No ..						
39.	Pennsylvania (PA)	No ..	No ..						
40.	Rhode Island (RI)	No ..	No ..						
41.	South Carolina (SC)	No ..	No ..						
42.	South Dakota (SD)	No ..	No ..						
43.	Tennessee (TN)	No ..	No ..						
44.	Texas (TX)	No ..	No ..						
45.	Utah (UT)	No ..	No ..						
46.	Vermont (VT)	No ..	No ..						
47.	Virginia (VA)	No ..	No ..						
48.	Washington (WA)	No ..	No ..						
49.	West Virginia (WV)	No ..	No ..						
50.	Wisconsin (WI)	No ..	No ..						
51.	Wyoming (WY)	No ..	No ..						
52.	American Samoa (AS)	No ..	No ..						
53.	Guam (GU)	No ..	No ..						
54.	Puerto Rico (PR)	No ..	No ..						
55.	U.S. Virgin Islands (VI)	No ..	No ..						
56.	Canada (CN)	No ..	No ..						
57.	Aggregate other alien (OT)	X X X ..	X X X ..						
58.	Subtotal	X X X ..	X X X ..			32,551,666			
59.	Reporting entity contributions for Employee Benefit Plans	X X X ..	X X X ..						
60.	TOTAL (Direct Business)	X X X ..	(a)..... 1			32,551,666			
DETAILS OF WRITE-INS									
5701	.....	X X X ..	X X X ..						
5702	.....	X X X ..	X X X ..						
5703	.....	X X X ..	X X X ..						
5798.	Summary of remaining write-ins for Line 57 from overflow page	X X X ..	X X X ..						
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)	X X X ..	X X X ..						

(a) Insert the number of yes responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE T - PART 2
INTERSTATE COMPACT PRODUCTS - EXHIBIT OF PREMIUMS WRITTEN
ALLOCATED BY STATES AND TERRITORIES

		Direct Business only					
		1	2	3	4	5	6
		Life (Group and Individual)	Annuities (Group and Individual)	Disability Income (Group and Individual)	Long-Term Care (Group and Individual)	Deposit-Type Contracts	Totals
States, Etc.							
1.	Alabama (AL)						
2.	Alaska (AK)						
3.	Arizona (AZ)						
4.	Arkansas (AR)						
5.	California (CA)						
6.	Colorado (CO)						
7.	Connecticut (CT)						
8.	Delaware (DE)						
9.	District of Columbia (DC)						
10.	Florida (FL)						
11.	Georgia (GA)						
12.	Hawaii (HI)						
13.	Idaho (ID)						
14.	Illinois (IL)						
15.	Indiana (IN)						
16.	Iowa (IA)						
17.	Kansas (KS)						
18.	Kentucky (KY)						
19.	Louisiana (LA)						
20.	Maine (ME)						
21.	Maryland (MD)						
22.	Massachusetts (MA)						
23.	Michigan (MI)						
24.	Minnesota (MN)						
25.	Mississippi (MS)						
26.	Missouri (MO)						
27.	Montana (MT)						
28.	Nebraska (NE)						
29.	Nevada (NV)						
30.	New Hampshire (NH)						
31.	New Jersey (NJ)						
32.	New Mexico (NM)						
33.	New York (NY)						
34.	North Carolina (NC)						
35.	North Dakota (ND)						
36.	Ohio (OH)						
37.	Oklahoma (OK)						
38.	Oregon (OR)						
39.	Pennsylvania (PA)						
40.	Rhode Island (RI)						
41.	South Carolina (SC)						
42.	South Dakota (SD)						
43.	Tennessee (TN)						
44.	Texas (TX)						
45.	Utah (UT)						
46.	Vermont (VT)						
47.	Virginia (VA)						
48.	Washington (WA)						
49.	West Virginia (WV)						
50.	Wisconsin (WI)						
51.	Wyoming (WY)						
52.	American Samoa (AS)						
53.	Guam (GU)						
54.	Puerto Rico (PR)						
55.	U.S. Virgin Islands (VI)						
56.	Canada (CN)						
57.	Aggregate other alien (OT)						
58.	TOTALS						

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

HEALTH RIGHT, INC.
OWNERSHIP STRUCTURE

